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DDA Memo, 4 Apr 77

ARMY, DOS, DIA reviews

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GENERAL

Date: **10 Mar 78** By: 

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1. Czechoslovakia rejects Bulgarian treaty draft--The US Military Attache in Prague reports that the Czechoslovak Foreign Office has rejected the Bulgarian draft of the proposed Czechoslovak-Bulgarian treaty of mutual assistance (see Daily Summary of 6 January, item 2). The Czechoslovak Government insists that the treaty be directed against Germany only, rather than against "any attacker." The MA believes that Bulgaria will accept the Czechoslovak proposal and that the danger of a Czechoslovak-Bulgarian alliance against Greece is eliminated "for the moment."

## EUROPE

2. FRANCE: Government intends to proceed with franc proposals--US Ambassador Caffery reports that Premier Schuman has addressed a message to the US and to the UK stating that France is unable to withdraw its proposals for French monetary reform. Schuman's message reportedly declares that if these proposals are defeated, the French Government will have "to resign or to proceed regardless."

(CIA Comment: In view of the Schuman Government's slim Parliamentary majority, a major policy defeat could easily cause its downfall. Such an event would constitute the national catastrophe predicted by De Gaulle and necessary for his return to power.

Cabinet authorizes French-Spanish border negotiations--Ambassador Caffery has been informed that the French Cabinet has now authorized negotiations with Spain for the gradual re-opening of the French-Spanish frontier. According to Caffery, Foreign Minister Bidault has declared that, although he dislikes Franco, he wishes to improve relations with Spain for "realistic reasons." Bidault reportedly prefers a "step-by-step" reopening of the frontier because of his fear that the Spanish may attempt to convey the impression that they have won a victory and France has been humiliated.

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French-British defense alliance proposed to Benelux -  
A French Foreign Office source has told Ambassador Caffery that French and British representatives have proposed to the Benelux countries an alliance similar to the French-British pact of March 1947. Caffery's source anticipated that there would be no difficulty in concluding such a pact.

3. GERMANY: Ruhr strikes believed genuine popular protest -  
Acting US Political Adviser Riddleberger reports from Berlin his belief that the present Ruhr strikes and demonstrations represent a "genuine popular protest against outrageous conditions" and that Communist influence, while important, is not a dominant factor. Riddleberger also reports that non-Communist union leaders have been drawn into the demonstrations to avoid loss of membership support but have maintained order. He foresees civil disorder, if the emergency program should fail.

(CIA Comment: CIA concurs fully in this estimate of the situation in the Ruhr.)

#### FAR EAST

4. INDONESIA: Pessimism over truce implementation - US Consul General Livengood in Batavia reports increasing pessimism concerning the 17 January Dutch-Indonesian truce. The Dutch are disturbed by the reservations which the Republic has made in accepting the "six principles" for political settlement of the Good Offices Committee (GOC), which the Dutch themselves had accepted unconditionally. On the other hand, Republican officials are reported to believe that they have been "buffeted" into accepting the truce. The Dutch feel that the Republic cannot or will not implement the truce. Responsible observers have expressed doubts that evacuation of forces from demilitarized zones will proceed satisfactorily. Livengood warns that the problems of implementation will be difficult to solve, and he considers serious friction possible.

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